



## Staff Reports

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**File #:** 943-2017, **Version:** 1

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**To:** Honorable Chair and Commissioners

**From:** Rick Tooker, Community Development Director

**Prepared By:** Lark Ferrell, Housing Manager

**TITLE:**  
Section 8 Landlord Mitigation and Incentive Program

### **RECOMMENDED ACTION:**

Adopt a resolution accepting funds from the City, as Successor Housing Agency for the Napa Community Redevelopment Agency, authorizing associated budget adjustments, and authorizing the establishment and funding of a Section 8 Landlord Mitigation and Incentive Program.

### **DISCUSSION:**

The Housing Authority operates a Section 8 Housing Choice Voucher rental assistance program (the "Section 8 Program") throughout Napa County. When households are issued vouchers, they must secure units on the open rental market which often requires them to compete against other renters who have higher incomes, better credit histories, and the ability to pay higher rents than allowed under the Section 8 program regulations. This makes it very challenging for tenants to secure units. Several other housing authorities, in high-cost markets, have recently implemented these types of programs to encourage landlord participation. This includes programs in Marin and San Mateo Counties.

Based on discussions with a stakeholder group comprised of local landlords and property managers, some rental property owners do not participate in the Section 8 Program because they are worried participants may damage their units and not have sufficient funds to pay for these damages. In the past, under the Section 8 Certificate Program, landlords could receive damage payments from the Housing Authority through Section 8 funds. However, under the Housing Choice Voucher Program, this is no longer allowed.

Staff, along with non-profit homeless services provider Abode Services, explored various incentive programs and risk mitigation programs operated in other communities and proposed a program which would encourage landlords to rent units to Section 8 participants. The decision was made to limit the proposed Program to those Section 8 participants who are either homeless or at-risk of homelessness. This is because the Housing Authority does not have sufficient funding to offer incentives and loss mitigation for each of the over 1,100 participants. Additionally, many participants do not need incentives as either their current landlord is willing to accept their voucher, or they are successful in their housing search on their own. Therefore, the proposed Program would be limited to participants referred to Abode by the Housing Authority. Each referred participant must be either

homeless or at-risk of becoming homeless. The proposed program was reviewed with members of the stakeholder group and was met with enthusiasm.

Under the proposed Program, the Housing Authority would contract with Abode Services to provide housing location assistance to Section 8 participants referred to them through the Program. Landlords accepting tenants through the Program would have access to a 24-hour hotline to call in case of after-hour emergencies. Additionally, Abode would make regular check-ins with the tenant and landlord to try to mitigate any issues that might occur in order to help the tenant remain successfully housed. Landlords new to the Section 8 Program would receive a “new owner bonus payment” of \$1,000 while exiting landlords would receive a smaller bonus of \$500 for each unit added to the Section 8 Program. Other incentives include a continuity payment if a landlord, prior to or when a unit occupied by a Program participant becomes vacant, agrees to rent the unit to another Program participant.

Another component to the Program are loss mitigation payments. These payments are available to a landlord for a total of three years after a Program participant moves into a unit. If the tenant damages the unit, the Program would pay for costs in excess of the tenant’s security deposit up to a maximum of \$3,500. If the tenant leaves without paying his/her portion of the rent, this would also be eligible under the loss mitigation component of the Program. The Housing Authority would hold funds for the loss mitigation component until such time as a damage claim occurs.

The proposed budget for the Program is \$200,000. Of this, \$56,285 would be funded from funds transferred to the Housing Authority from the City as Successor Housing Agency to the Napa Community Redevelopment Agency. By law, these Successor Housing Agency Funds can only be used for very specific uses which include providing rapid rehousing, housing location, case management, etc. for persons who are either homeless or at-risk of homelessness. The remainder of the budget would be funded from the Housing Authority’s Low and Moderate Income Housing Fund. Under the Program’s proposed budget, \$130,000 would be available for landlord incentives and loss mitigation payments and \$70,000 would fund Abode for administering the Program, including providing housing location and case management services to participants. As it is not yet known how many incentives would be paid for new versus existing owners, how many tenants would incur damages, etc., it is hard to estimate how many participants would be assisted through this Program. However, staff estimates this funding could easily assist 75 participants or more.

Staff recommends the Board approve the resolution to accept the transfer of funds from the City as Successor Housing Agency and implement the Section 8 Risk Mitigation and Landlord Incentive Program.

#### **FINANCIAL IMPACTS:**

Through this action, the Housing Authority would accept \$56,185 from the City, as Housing Successor Agency, for the Program and budget \$56,285 from the Local Housing Fund (84601-53201) and \$143,715 (84401-53201) from the Low Mod Housing Fund, for a total of program budget of \$200,000. The source of funding in the Low Mod Housing Fund is existing fund balance. The proposed budget adjustments are as follows:

#### **Sources:**

Low Mod Housing Fund balance    \$143,715

84601-61237	\$56,285
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*Uses:*

84601-53201	56,285
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84401-53201	143,715
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**CEQA:**

The Community Development Director has determined that the Recommended Action described in this Agenda Report is not subject to CEQA pursuant to CEQA Guidelines Section 15060(c).

**DOCUMENTS ATTACHED:**

ATCH 1 - Resolution

EX A - Program Guidelines

**NOTIFICATION:**

Notification was provided to the County, Abode Services, various local property management companies, and other interested stakeholders.